Understanding Poverty:
Why Poverty Matters to our Children, Families and Community

April 4, 2018
Consider 3 ways poverty impacts your work
What Matters

• **Generational** poverty is a difficult cycle to break.
• **Concentrated** poverty and **low opportunity** areas makes it harder to get out.
• **Poverty accumulates** in the body, and stress plays a major role.
  • Poor health erodes the opportunities for **sustained work**.
  • Poor health strains family and social networks, taking an **emotional toll**.
Can we commit to creating a community where *everyone* lives well?
The cost to the community

- Education, work experience, training and health of the workforce - fundamental drivers of economic growth.
- Poverty works against human capital development by limiting an individual’s ability to remain healthy and contribute to the economy.
- Decrease in human capital puts draws on community resources and impacts economic opportunity
Poverty is expensive

- It is a drain on resources
- It is a waste of human potential
- It impacts the next generation
- It limits our capacity to have full and meaningful relationships

We can’t have a sustainable community unless we address poverty in more effective ways
POVERTY COSTS GDP

- Reduces productivity by 1.4%
- Raises health expenditures by 1.2%
- Raises the cost of crime by 1.3%

TOTAL ANNUAL COST: $2.5 billion
## 2016 ACS Poverty Data

<table>
<thead>
<tr>
<th></th>
<th>Pima County</th>
<th>Tucson</th>
<th>Cochise County</th>
<th>AZ</th>
<th>US</th>
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<tr>
<td>Population</td>
<td>987,885</td>
<td>505,044</td>
<td>117,620</td>
<td>6,771,098</td>
<td>315,165,470</td>
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<tr>
<td>Total in poverty</td>
<td>18.4</td>
<td>24.1</td>
<td>22.6</td>
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<td>Under 18</td>
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<td>33</td>
<td>38.3</td>
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<td>Under 5</td>
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<td>24.8</td>
<td>21.3</td>
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<td>Over 60</td>
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<td>African American</td>
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<td>Na</td>
<td>22.1</td>
<td>23.9</td>
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<tr>
<td>Native American</td>
<td>31.2</td>
<td>24.5</td>
<td>Na</td>
<td>33.3</td>
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<tr>
<td>50%</td>
<td>8</td>
<td>11.2</td>
<td>9</td>
<td>7.8</td>
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<tr>
<td>125%</td>
<td>23</td>
<td>30.8</td>
<td>30</td>
<td>21.5</td>
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<td>150%</td>
<td>29</td>
<td>37</td>
<td>33</td>
<td>26</td>
<td>23</td>
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<tr>
<td>185%</td>
<td>36.5</td>
<td>45</td>
<td>43</td>
<td>33.2</td>
<td>29.2</td>
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<tr>
<td>200%</td>
<td>39</td>
<td>48.3</td>
<td>44</td>
<td>36.2</td>
<td>31.8</td>
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<tr>
<td>Worked full time (16 yrs +)</td>
<td>4.2</td>
<td>5.4</td>
<td>5.5</td>
<td>3.8</td>
<td>2.8</td>
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<td>Worked part time</td>
<td>24.4</td>
<td>32</td>
<td>24</td>
<td>20</td>
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<td>Did not work</td>
<td>22</td>
<td>31.6</td>
<td>23.5</td>
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<td>Less than HS degree</td>
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<td>36.9</td>
<td>27.9</td>
<td>27.7</td>
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<td>Some college/ associates</td>
<td>12.6</td>
<td>15.5</td>
<td>15</td>
<td>11.2</td>
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<tr>
<td>Bachelors</td>
<td>6</td>
<td>8.3</td>
<td>6.3</td>
<td>5.5</td>
<td>4.4</td>
</tr>
</tbody>
</table>
The Bridge Out of Poverty

South Bend Population:
- 65% women with children under age 5
- 53% single mothers and their children
- 25% individuals
- 33% families

POVERTY THRESHOLD: 100%

Family of 4: $23,100

200% Family of 4: $46,200

BENEFITS CLIFF*

4 out of 5 adults at 150% or lower \(\leftarrow\) for 1 year+

The Benefits Cliff: Between $8 and $14 an hour, a parent on public assistance loses more in benefits than is gained in income, creating more instability.

* The Benefits Cliff:
Low Income Children in Arizona

Children under 6: 55%

All children: 51%

Young children (under age 6): 510,048

Among young children, 14% live in extreme poverty (less than 50% FPL).

© National Center for Children in Poverty (nccp.org)
Arizona Early Childhood Profiles

National Center for Children in Poverty
putting research to work for children & families
Almost **40%** of young people

- Asked 25 to 39 year olds whether, during their childhoods, they found themselves worrying about:
  - having enough food to eat
  - having a stable caregiver
  - their personal safety
- About 10 percent said they **regularly worried** about one or more of these concerns,
- An **additional** 19 percent said they **sometimes worried** about them.
  - *Federal Reserve’s Survey of Household Economics and Decision-making*
Child poverty in the U.S. is among the worst in the developed world

In 2015, **one in 5 children**, 19.7% or 14.5 million kids lived in poverty.

- **One in 3 children of color.**
- **Children under 5 is 21%.**

One in three U.S. children lives in poverty

<table>
<thead>
<tr>
<th>Country</th>
<th>% of children in poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>19.7%</td>
</tr>
<tr>
<td>Latvia</td>
<td>20.2%</td>
</tr>
<tr>
<td>Spain</td>
<td>23.7%</td>
</tr>
<tr>
<td>Israel</td>
<td>30.5%</td>
</tr>
<tr>
<td>Mexico</td>
<td>31.3%</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td><strong>40.0%</strong></td>
</tr>
<tr>
<td>Iceland</td>
<td>24.4%</td>
</tr>
<tr>
<td>Lithuania</td>
<td>25.9%</td>
</tr>
<tr>
<td>Romania</td>
<td>27.7%</td>
</tr>
<tr>
<td>Italy</td>
<td>28.4%</td>
</tr>
<tr>
<td>Turkey</td>
<td>29.3%</td>
</tr>
<tr>
<td>Ireland</td>
<td>30.2%</td>
</tr>
</tbody>
</table>

Out of 41 developed countries, the U.S. ranked 6th
Frozen social mobility

More than 6 in 10 children born into the lowest income quintile will never make it into the middle bracket.

Those in the top quintile, almost 4 in 10 stayed in the top.

Researchers call it “stickiness at the ends,” where those at the top or bottom of income distribution tend to stay there.

The top 25 hedge fund managers earn more than all Kindergarten teachers in US.
Curb Cut Effect

• Laws and programs designed to benefit vulnerable groups, such as the disabled or people of color, **often end up benefiting all of society.**

• A study of pedestrian behavior at a Sarasota, Fla., shopping mall revealed that **nine out of 10 “unencumbered pedestrians” go out of their way to use a curb cut.**
Resiliency, Strengths and Protective Factors
Make the shift

By changing our perspective and actions, we can look at each person in poverty as a potential asset in the economic development of our county and move from managing poverty to ending it.
Finding the **double win**

**Better outcomes for people in poverty**

- People in poverty are our neighbors, parents, voters, workers, and leaders – *present and future.*
- Community stability is built on family and neighborhood stability.

**Reduced community costs**

- There is a **business case** that can be made for addressing poverty effectively.
**More tools in the toolbox**

**Financial Sector tools**
- Many low-income people are un/under banked and vulnerable to financial predators
- How can we provide access to fair credit to build financial stability and increase the customer base?

**Employer tools**
- Entry level workers have high turnover rates
- How can we help stabilize employees and improve retention?

**Civic Engagement tools**
- Poverty locks up leadership potential
- How can we engage more low-income residents to become involved in solving community problems?

**Criminal Justice sector tools**
- People in poverty are more likely to be in the criminal justice system
- How can we move people out to more stable lives and lower court and system costs?

**Social Service sector tools**
- Important tools, but not a complete toolkit
- Focused mainly on individual effort and change

**Higher Education tools**
- College is increasingly the divider for economic stability
- How do we increase the possibility that low-income people can enter and complete college without huge debt?

**Education tools**
- Children in poverty increase their chances of dropping out
- How can we develop a two-generation strategy so parents are a source for change?

**Health sector tools**
- Health follows wealth and ER visits are costly
- How do we build health and lower costs?
Who wants a change?

Who wants to change?
Our **default** lens is for **resourced** people

**Talmud**: We see things not as they are, but as *we* are...
There are millions of Americans whose suffering, through material poverty and poor health, is as bad or worse than that of the people in Africa or in Asia...it is time to stop thinking that only non-Americans are truly poor.

Angus Deaton, NYT editorial, 1.24.18

Deaton is professor of economics and international affairs emeritus at Princeton University, the presidential professor of economics at the University of Southern California and the 2015 Nobel laureate in economics.
“We know that a child’s life expectancy is predicted more by his ZIP code than his genetic code.”

• To effectively reduce poverty and poor health we must address both.

• Insufficient education
• inadequate housing
• racism
• food insecurity are also indicators of poor health.

• Investing in What Works for America’s Communities
RWJF President and CEO Risa Lavizzo-Mourey
Tucson is the 6th most economically segregated city in the U.S.

Without intervention, poverty concentrates
Few Resources... More Resources... Abundant Resources
When you are deciding what to eat, what are you thinking about?
**POVERTY**
Key question: Did you have enough?
Quantity important

**MIDDLE CLASS**
Key question: Did you like it?
Quality important

**WEALTH**
Key question: Was it presented well?
Presentation important
Unstable ...
Stable ...
Very Stable ...
Poverty is stamped into DNA in childhood and stays there.

"For each decrease of one year in parental home ownership, the participants' odds of developing a cold increased by approximately 9 percent."

A poorer upbringing increases people's susceptibility to colds later in life, something they can't shake even if they climb the socioeconomic ladder.
## US Official Poverty Guidelines: 2017

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Annual Income*</th>
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<tbody>
<tr>
<td>Four</td>
<td>$ 24,600</td>
</tr>
<tr>
<td>Three</td>
<td>$ 20,420</td>
</tr>
<tr>
<td>Two</td>
<td>$ 16,240</td>
</tr>
<tr>
<td>One</td>
<td>$ 12,060</td>
</tr>
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</table>

*Source: U.S. Department of Health & Human Services.*
Monthly budget for a family of four @ $24,600 = $11.82 an hour

- $600 on shelter ($7200)
- $238.50 on utilities ($2,862)
- $332 to own and repair a car ($3,989)
- $440.83 on food or $25.43 per person per week ($5290)
- $47.81 per person on health and medical expenses ($2,295)
- $237 on child care or $57 a week ($2964)
- $1.21 per person per meal.

**TOTAL: $24,600**

(a virtuous budget)

*The arithmetic of poverty doesn’t add up*

Shopping List

What can you live without?

- Cleaning Supplies
- Personal Care
- Children
- Entertainment
- Health Care
- Work related
- Household
- Celebrations
Welcome to Self-Sufficiency

The Path to Self-Sufficiency Starts Here
The poorer you are...
the more things cost and the more time it take

• The poor pay more for things middle-class America takes for granted.

• More time is required.

• More opportunity for things to fall apart.

• Food
  • Convenience stores vs. bulk buying ($3.79 v $1.19 for loaf of bread)

• Laundry
  • Laundromat vs. home washer and dryer

• Transportation
  • Car vs. bus

• Being unbanked
  • Cashing checks, loans, etc.
Frugality is hard to afford

The poor pay 6% more for their toilet paper

\[
IPT_{htp} = \alpha_h + \delta_0 [sale]_{htp} + \sum_{i=2}^{5} \delta_i [INC = i] [sale]_{htp} \\
+ \psi_0 [Week1]_{htp} + \sum_{i=2}^{5} \psi_i [INC = i] [Week1]_{htp} \\
+ \gamma_0 [sale]_{htp} [Week1]_{htp} + \sum_{i=2}^{5} \gamma_i [INC = i] [sale]_{htp} [Week1]_{htp} \\
+ \eta_3 [Time]_t + \eta_4 [Product]_p + \eta_5 [Channel]_{ht}
\]
Under-resourced people live in under-resourced environments
It’s about resources...

BRIDGES’ DEFINITION OF POVERTY

“The extent to which an individual does without resources.”

Situational Poverty: A lack of resources due to a particular event (divorce, natural disaster, etc.)

Generational Poverty: Having been in poverty for at least two generations
In poverty, life is falling apart
Without enough resources to fix it
The **Stress** of Poverty

- Poverty-related concerns consume mental resources, leaving less for other tasks.
- Roughly the **same results** found in people subjected to a night with no sleep.
- = a drop of as much as 13 points in their IQ —

“Poverty is the equivalent of **pulling an all-nighter.**

**Picture yourself after an all-nighter.**

Being poor is like that every day.”

**THE SCIENCE OF STRESS:** Physiological, Mental, Emotional and Environmental

**Chronic stress =**
Challenging and uncertain events that exceed resources.

Heightened by
1. no predictive information
2. lack of social supports
3. lack of coping strategies

(RWJ Foundation)

**Figure 1. A simplified illustration of the hypothalamic-pituitary-adrenal (HPA) axis of the stress response.**
Stressor

- Challenging events or conditions, short-term and ongoing, that strain a person’s ability to cope.

Stress Response

- Set of behavioral and physiologic processes provoked by a stressor.

Stress

- The experiences people have when they face challenging events or conditions that they feel exceed their resources for coping.

Robert Wood Johnson Foundation, 2011
• Mullainathan and Shafir concluded that when you don't have something you desperately need, the feeling of **scarcity works like a trap.**

• MULLAINATHAN: When you have scarcity and it creates a scarcity mindset, it leads you to take certain behaviors which in the short term help you manage scarcity, but in the long term only make matters worse.

• VEDANTAM: Scarcity, whether of time or money, tends to focus the mind on immediate challenges. You stretch your budget to make ends meet. People in the grip of scarcity are tightly focused on meeting their urgent needs, but that focus comes at a price. **Important things on the periphery get ignored.**

• MULLAINATHAN: That's at the heart of the scarcity trap. You're so focused on the urgent that the important gets waylaid. But because the important gets waylaid, you're experiencing even more scarcity tomorrow.
“The need to act overwhelms any willingness people have to learn.”

Source: The Art of the Long View by Peter Schwartz
Tell a tyranny of the 
moment story
Behavioral Aspects of Stress

- Increased alcohol or substance use
- Smoking
- Disruption of sleep, “sleep deprivation,” or oversleeping
- Increased caffeine intake
- Poor diet
- Inattention leading to carelessness
- Exhaustion, fatigue, disinterest
Cornell study: Children and Chaos

- Crowding.
- Noise.
- Lack of routines.
- Residential relocation.
- School relocations.
- Maternal partner change.

By age 4, children in families living with incomes under 200% of the federal poverty line have less gray matter - brain tissue critical for processing of information and execution of actions - than kids growing up in families with higher incomes, according to the research.
Three Levels of Stress

- When young children grow up in toxic environments associated with poverty, their brains naturally make survival their top priority.

- The result is that parts of the brain associated with survival are prioritized, rather than areas of the brain that control higher-order thinking and reasoning.

- **Positive**: brief and mild elevation of stress hormone
- **Serious**: buffered by supportive relationships
- **Toxic**: Prolonged activation in the absence of protective relationships
Mental Model for Poverty

Problems are interlocking...

Concrete
Focused on now

Unstable
Problem-solving

Unpredictable

Tyranny of the Moment

Relationships

CHILDREN
CHILD CARE
FOOD
CRIMINAL JUSTICE SYSTEM
HOUSING
MENTAL HEALTH
CHEMICAL DEPENDENCY
HEALTH
SAFETY
JOBS

TRANSPORTATION
FAMILY & FRIENDS
DEBT
CLOTHING
AGENCY TIME
ENTERTAINMENT
What labels do we use most?

- Needy
- Truly needy
- Deficient
- Noncompliant
- Addict
- Abusive
- Teen parent
- Uneducated
- Unbanked
- Unhealthy
- Dependent

- Worker
- Mother
- Father
- Leader
- Problem solver
- Analytical thinker
- Voter
- Consumer
- Customer
- Member
• Unstable
• Unpredictable
• Stressful
• Hyper-vigilant
• Survival mode
• Concrete problem solving
• Outside the norm

The experience of poverty is a trap

In the last election, poverty was mentioned in 3 to 10% of the stories.
Mental Model of Middle Class

Achievement

Stable
Predictable
Normed
Safety Oriented

Abstract thinking

Can anticipate, isolate and solve problems
Well-resourced people live in well-resourced environments
### Tyranny of the Moment - Scarcity Mindset

<table>
<thead>
<tr>
<th>Individuals</th>
<th>Institutions</th>
<th>Communities</th>
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<tbody>
<tr>
<td>Live paycheck to paycheck</td>
<td>Grant to grant</td>
<td>Annual budget to annual budget</td>
</tr>
<tr>
<td>Pass up education</td>
<td>Cut professional development</td>
<td>Cut research and development</td>
</tr>
<tr>
<td>Neglect repairs</td>
<td>Neglect maintenance/upgrades</td>
<td>Neglect infrastructure; bridges</td>
</tr>
<tr>
<td>Pawn valuables</td>
<td>Give up valuable programs</td>
<td>Lease assets: prisons, highways</td>
</tr>
<tr>
<td>Skimp on food, health checkups</td>
<td>Cut salaries, reduce benefits</td>
<td>Reduce benefits and regulations</td>
</tr>
<tr>
<td>Work harder, under the table</td>
<td>Reduce staff, increase caseloads</td>
<td>Cut programs, reduce services</td>
</tr>
<tr>
<td>Compete for well paying jobs</td>
<td>Compete for grants</td>
<td>Compete with other cities/states</td>
</tr>
<tr>
<td>Use benefit system</td>
<td>Use bankruptcy system</td>
<td>Use bailout system</td>
</tr>
</tbody>
</table>
Consider the contrasts...

**Poverty**
- Instability
- Lack of predictability
- Stressful; hyper-vigilant
- Tyranny of the moment
- Survival mode
  - Feels like constant crisis
- Concrete problem solving
- Outside the norm

**Middle Class**
- Stable
- Predictable
- Emphasis on safety
- Future focused
- Stress is managed
  - Emphasis on quality of life
- Abstract problem solving
- Politics, consumerism, education – *all normed to you*
If economic class were a game

Poverty is like dodgeball

Middle class is like chess

Getting out of poverty is like playing chess in the middle of dodgeball!

Hugh, a Getting Ahead investigator at Pima Community College
• “The rising inequality is beginning to produce a two-tiered society in America in which the more affluent citizens live lives fundamentally different from the middle- and lower-income groups.”

William Julius Wilson
Four Approaches

1. Preventing poverty
2. Alleviating suffering
3. Aiding transition to economic stability
4. Addressing structures in a community

Hard Differentiators:
Bridges Community of Practice Model
Most communities focus their efforts on alleviating suffering.

From getting by ... 

To getting ahead ...

It takes a different strategy to transition out of poverty ...
How long would it take you to move up an economic class?

What would you have to do differently?

What are the risks?
The **cost** of doubling your income

- Increase risk
- Get more education
- Go into debt
- Relocate
- Gain new skills and strategies

- Build new social networks (and lose old ones)
- Trade off relationships for achievement
“We contend that the burden of change rests primarily with the individuals and organizations who have the power to design programs and systems in ways that take universal human tendencies into account.”
No significant learning or change happens without a significant relationship of mutual respect.

James Comer
Three Principles to Improve Outcomes for Children and Families

The science of child development and the core capabilities of adults point to a set of “design principles” that policymakers and practitioners in many different sectors can use to improve outcomes for children and families.

2. Strengthen core life skills.
3. Reduce sources of stress in the lives of children and families.
Understanding and Reducing barriers

- Discovering and addressing the micro-barriers
- Finding “nudges and tweaks” that can make a difference
Poverty *Interrupted*

1. Cut the costs

2. Create slack

3. Reframe and empower
Poverty is pernicious: more costly and higher stakes for failure. To mitigate that:

1. Make the communication clear
2. Reduce barriers to entry
3. Increase accessibility
4. Cut the strings
5. Create synergies
Implement an Interactive Messaging System

Using email, text messaging, or phone messages to remind defendants of court dates, missed payments, and other actions like failures to appear can promote compliance with court orders.

Using a phone reminder system, courts in Arizona achieved up to a 24% reduction in failures to appear.

Recommendation 15
• Two suitcases
  1. Provide a cushion
  2. Be unconditionally generous
  3. Value time as money
     • Automate, remind, align deadlines
  4. Replace cliffs with slopes
  5. Establish safeguards
  6. Build backstops
     • Or second options. Miss a class? Then what could substitute?

Suitcase too small?
You need to accurately predict what you’ll need and make the right tradeoffs.
Ohio Judge: Get rid of appointments

**Problem Orientation**
They miss appointments because they are irresponsible, disrespect the court, disregard the law, or are lazy

**Resource Orientation**
They miss appointments because they are under-resourced, overwhelmed and operating out of the tyranny of the moment
Reframe and Empower

Poverty is a toxic environment

Preserve and respect autonomy

1. Use intentional language
2. Leverage positive identities
3. Treat families as experts
4. Confront biases
5. Create plausible paths
Cascade shifted their understanding

**Problem Orientation**
- Not reliable employees
- Too much work and effort
- Doesn’t fit the culture

**Resource Orientation**
- Loyal and responsible employees
- Bring new perspectives
- The business can create structures and policies that lead to success
  - Shortened time horizons
  - Connected employees to government benefits
  - Hired a coach to help overcome problems
Two messages and two lenses

You can do it

You belong

Resourced lens

Under-resourced lens
What is your take away today?
Contact us:

Pima County CSET (Community Services, Employment and Training)

Ending Poverty Now Initiative

• Bonnie Bazata
  • 520-724-3704 or bonnie.bazata@pima.gov

• Maria Magana
  • 520-724-5713 or maria.Magana@pima.gov